



DOCKET NO: 7791-0122-25 CONT

ASSISTANT COMMISSIONER FOR PATENTS
WASHINGTON, D.C. 20231

ATTORNEYS AT LAW
CHARLES L. GHOLZ
(703) 412-6485
CGHOLZ@OBLON.COM
RICHARD A. NEIFELD
(703) 412-6492
RNEIFELD@OBLON.COM

RE: U.S. Application
Serial No: 08/978,856
Filed: November 26, 1997
Group: 2761
Inventor: LARRY J. DAY, ET AL.
For: TARGETED MARKETING AND PURCHASE
BEHAVIOR MONITORING SYSTEM.

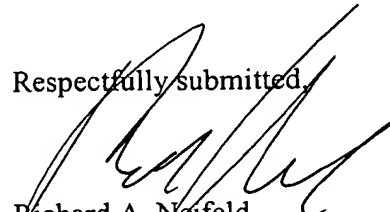
SIR:

Attached hereto for filing are the following papers:

**APPEAL BRIEF (IN TRIPLICATE)
AMENDMENT
DISKETTE CONTAINING APPEAL BRIEF AND APPENDICES IN WP 7.0 FORMAT**

Our check in the amount of \$ 320.00 is attached covering any required fees. In the event that any variance exists between the amount enclosed and the Patent Office charges for filing the above-noted documents, including any fees required under 37 CFR 1.136 for any necessary Extension of Time to make the filing of the attached documents timely, please charge or credit our Deposit Account No. 15-0030. Further, if these papers are not considered timely filed, then a petition is hereby made under 37 C.F.R. 1.136 for the necessary extension of time. A duplicate copy of this sheet is attached.

Respectfully submitted,


Richard A. Neifeld
Registration No. 35,299
Attorney of Record



22850

RAN:rlb
I:\atty\RAN\clients\CATALINA\77910122\PTO.CVS.011220.wpd

7791-0122-25 CONT
Catalina Ref: MEI/2



IN THE UNITED STATES PATENT & TRADEMARK OFFICE

IN RE APPLICATION OF:
LARRY J. DAY, ET AL.

: GROUP: 2761

SERIAL NO: 08/978,856

: EXAMINER: POINVIL

FILED: NOVEMBER 26, 1997

FOR: TARGETED MARKETING AND PURCHASE BEHAVIOR
MONITORING SYSTEM

37 CFR 1.192 APPEAL BRIEF

ASSISTANT COMMISSIONER FOR PATENTS
WASHINGTON, D.C. 20231

SIR: This appeal brief follows the notice of appeal and appeal fee filed October 30, 2001.



Table of Contents

I.	37 CFR 1.192(a)	1
II.	37 CFR 1.192(b)	1
III.	37 CFR 1.192(c)	1
A.	37 CFR 1.192(c)(1) Real Party in Interest	1
B.	37 CFR 1.192(c)(2) Related Appeals and Interferences	1
C.	37 CFR 1.192(c)(3) Status of Claims	1
D.	37 CFR 1.192(c)(4) Status of Amendments	2
E.	37 CFR 1.192(c)(5) Summary of the Invention	2
F.	37 CFR 1.192(c)(6) Issues	5
G.	37 CFR 1.192(c)(7) Grouping of Claims	5
H.	37 CFR 1.192(c)(8) Argument	6
1.	37 CFR 1.192(c)(8)(i)	6
2.	37 CFR 1.192(c)(8)(ii)	6
3.	37 CFR 1.192(c)(8)(iii)	6
4.	37 CFR 1.192(c)(8)(iv)-Whether the Rejections of Each One of Claims 102-125 Under 35 USC 103 Based Upon United States Patent Nos. 4,554,446 to Murphy et al. and 5,832,457 to O'Brien et al. Should be Reversed	6
a.	Basis for the Rejection	6
b.	O'Brien	7
c.	Murphy	8
d.	The Examiner's General Argument	10
e.	Murphy and O'Brien's Advertising Goals are Incompatible	10
f.	Combination of Murphy and O'Brien Does Not Result in the	

f.	Combination of Murphy and O'Brien Does Not Result in the Claimed Inventions	11
1.	Combination of the Functions of Both References Is not Subject Matter Defined by the Claims	11
2.	There is No Motivation to Modify the Functions Provided by Either Reference	12
g.	Why Independent Claim 102 is Non-obvious in View of the Applied Prior Art	12
h.	Why the Rejections of Each Group of Claims Should be Reversed - Group by Group Reasoning	15
1.	Group 1 - Claims 102 and 120	15
2.	Group 2 - Claim 103	15
3.	Group 3 - Claim 104	16
4.	Group 4 - Claim 105	16
5.	Group 5 - Claims 107 and 108	17
6.	Group 6 - Claim 106	17
7.	Group 7 - Claim 109	17
8.	Group 8 - Claim 110	18
9.	Group 9 - Claim 111	18
10.	Group 10 - Claim 112	19
11.	Group 11 - Claim 113	19
12.	Group 12 - Claim 114	20
13.	Group 13 - Claim 115	20
14.	Group 14 - Claim 116	20
15.	Group 15 - Claim 117	21
16.	Group 16 - Claim 118	21
17.	Group 17 - Claim 119	22

18.	Group 18 - Claim 121	22
19.	Group 19 - Claim 122	22
20.	Group 20 - Independent Claim 123	23
21	Group 21 - Claim 124	24
22	Group 22 - Claim 125	24
23	Group 23 - Claim 126	24
5.	37 CFR 1.192(c)(8)(v)	24
I.	37 CFR 1.192(c)(9) Appendix	24
IV.	37 CFR 1.192(d)	25
V.	Additional Appendices	25
	APPENDIX I - CLEAN COPY OF CLAIMS 102-126	27
	APPENDIX II - PROPOSED FINDINGS OF MIXED FACT AND LAW	32
	APPENDIX III - PROPOSED CONCLUSIONS OF LAW	35

I. 37 CFR 1.192(a)

This brief is being filed in triplicate with a copy on 3 and 1/4 inch diskette in WP 7.0 format, is accompanied by the \$ 310.00 fee set forth in 37 CFR 1.17(c), and sets forth the authorities and arguments on which the appellant will rely to maintain the appeal.

II. 37 CFR 1.192(b)

This filing is timely, since it is within 2 months of the filing of the notice of appeal and notice of appeal fee. Accordingly this subsection is not relevant.

III. 37 CFR 1.192(c)

A. 37 CFR 1.192(c)(1) Real Party in Interest

The real party in interest is Catalina Marketing Corporation. Ownership of this application has been transferred to Catalina Marketing International, Inc., a Delaware corporation, which is wholly owned by Catalina Marketing Corporation, a Florida corporation.

B. 37 CFR 1.192(c)(2) Related Appeals and Interferences

There are no related pending appeals, pending interferences, or requests for interferences known to the appellants representative or the appellants assignee. The assignee of this application filed a continuation of this application, now serial No. 09/619,134, filed July 18, 2000. That application has not been examined as of the time of writing this brief, 12/19/2001.

C. 37 CFR 1.192(c)(3) Status of Claims

Claims 1-101 stand canceled.

Claims 102-126 are pending.

Claims 102-126 are rejected.

Claims 102-126 are appealed.

D. 37 CFR 1.192(c)(4) Status of Amendments

An amendment submitted concurrently with this brief corrects an editorial error noted in claim 26.

E. 37 CFR 1.192(c)(5) Summary of the Invention

The present invention provides systems and corresponding methods that function (1) to provide targeted incentives to customers when the incentives will be most useful to the customer (immediately prior or during shopping), (2) to account for the redemption of incentive offers during a customer purchase transaction, (3) to build a database of each customer's product purchase information, and (4) to improve the subsequent targeting of incentive offers to that customer.

In general summary of operation of a system of the invention, the system identifies a customer at a location distinct from a store's point of sale (POS) terminal, typically prior to the customer's purchasing in the store, communicates to the customer at that location a list of incentives including targeted marketing incentives tailored to the customer's purchasing habits, and then discounts subsequent purchases of items on the list if the customer subsequently purchases those items in the customer's shopping visit to the store. Because the list of incentives are provided to the customer immediately prior to when the customer intends to purchase goods, customer does not have to retain written informational material describing the incentives for extended periods of time. In addition, because at least some of the offers are tailored to the customer's purchasing habits and desires, the offers are more effective in stimulating customer purchasing products for which incentives are offered.

The system of the invention provides a customer interface (page 9 line 17 to page 10 line 7, element 28 in figure 1) in communication with a computer (element 12 in figure 1), a check-out or POS terminal (page 11 lines 1-9, element 34 in figure 1, called a "check out" in the claims) in communication with the computer, and at least one database (page 6 lines 17-21) in communication with the computer from which the computer can determine incentive offers targeted for a particular customer (page 11 lines 13-17). The computer can automatically transmit those targeted incentive offers to the customer interface (page 11 lines 17-19). Subsequent to the customer interface's communicating targeted incentive offers for a customer, that customer present items intended for purchase at a POS terminal (page 11 lines 22-23 and page 13 lines 15-17) in the store. The computer provide a means to identify the customer and the customer's purchases at the check out (page 13 lines 17-20), to compare the products for which the customer received purchase incentive offers to the customer's purchased products to identify applicable incentive offers (page 13 line 20 to page 14 line 8), and means to credit the customer for the amount of the accepted incentive offers (page 14 lines 6-8). See claim 102.

The offer communicator may comprise a printer (claim 103).

The offer communicator may comprise a visual display (claim 104).

The means for identifying the customer may comprise a card reader (claim 105).

The means for identifying the customer may include means for reading fingerprint scans or retinal scans (claims 107 and 108).

The means for identifying the customer may include means for entering a password (claim 106).

The system may also include means for suspending incentive offers that have been accepted by a customer from the customer's offer list (claim 110).

The system may also include means for recording that an offer was not accepted by the customer when the customer does not purchase a product for the special offer within a predetermined time after the customer last accessed the customer interface (claim 111).

The system also includes means to provide a combination of targeted purchase incentive offers and non-targeted purchase incentive offers to the customer interface (claim 112).

The system may also include a means for downloading from the computer to the POS terminal a list of all products for which special offers exist for the customer transacting a purchase at the POS terminal, and means for accessing the computer in response to the POS terminal reading a product included in the list of all products for which special offers may be available, and means for determining the special offers available to a customer (identified by identification on the customer's card) based upon the product code read (claim 113).

The system may also include means for maintaining a running total of savings realized by a customer and means for communicating the running total to the customer (claim 114), and the total may be communicated to the customer at the POS terminal (claim 115).

The system may also provide means for establishing targeted offer targeting parameters in the form of criteria a customer must meet in order to be eligible for particular targeted offer, and then for determining which customers in a customer account database meet the established criteria (claim 116).

The system may be configured so that the customer interface is spaced apart from the POS terminal (claim 117).

The system may provide means for sending a predetermined number of special offers to a printer for each customer, wherein the predetermined number is the same for all customers, and the offers that are provided to each customer are the highest value special

offers available to that particular customer (claim 118).

The system may also include a lottery means for randomly providing prizes to customers (claim 119).

The system may also provide a plurality of computers each one associated with a particular store and wherein a customer's account information is stored in the computer or computers that the customer visits (claim 120).

The system may also provide means for preventing a special offer from being communicated to the offer communicator if the product associated with the special offer is out of stock (claim 121).

The system may also provide a means for providing points to customers based upon the customer's usage of the customer interface, wherein the points define credit in a frequent shopper program (claim 12).

The system may also include a supervisory computer networked to the store level computers, the supervisory computer downloading special offers to the store level computers (claim 123).

The system generates an offer list for a customer prior to the check-out of the customer (claim 126).

F. 37 CFR 1.192(c)(6) Issues

(1) Whether the rejection of each one of claims 102-126 under 35 USC 103(a) based upon United States patent Nos. 4,554,446 to Murphy et al. and 5,832,457 to O'Brien et al. should be reversed.

G. 37 CFR 1.192(c)(7) Grouping of Claims

There are twenty two groups of claims. Each one of claims 102-106, and 109-126

stand or fall on their own. Claims 107 and 108 stand or fall together.

H. **37 CFR 1.192(c)(8) Argument**

1. **37 CFR 1.192(c)(8)(i)**

There are no rejections under the first paragraph of 35 USC 112. Therefore, this subsection is inapplicable.

2. **37 CFR 1.192(c)(8)(ii)**

There are no rejections under the second paragraph of 35 USC 112. Accordingly, this subsection is inapplicable.

3. **37 CFR 1.192(c)(8)(iii)**

There are no rejections under 35 USC 102. Accordingly, this subsection is inapplicable.

4. **37 CFR 1.192(c)(8)(iv)-Whether the Rejections of Each One of Claims 102-125 Under 35 USC 103 Based Upon United States Patent Nos. 4,554,446 to Murphy et al. and 5,832,457 to O'Brien et al. Should be Reversed**

a. **Basis for the Rejection**

Claims 102-126 stand rejected as obvious in view of United States patent Nos. 4,554,446 to Murphy et al. (hereinafter referred to as "the Murphy patent" or "Murphy") and 5,832,457 to O'Brien et al. (hereinafter referred to as "the O'Brien patent" or "O'Brien").

The Patent and Trademark Office has the burden of showing a prima facie case of obviousness. In re Bell, 991 F.2d 781, 783, 26 USPQ2d 1529, 1530 (Fed. Cir. 1993); In re Fine, 837 F.2d 1071, 1074, 5 USPQ2d 1596, 1598 (Fed. Cir. 1988). "Where claimed subject matter has been rejected as obvious in view of a combination of prior art references, a proper analysis under § 103 requires, inter alia, consideration of two factors: (1) whether the prior art

would have suggested to those of ordinary skill in the art that they should make the claimed composition or device, or carry out the claimed process; and (2) whether the prior art would also have revealed that in so making or carrying out, those of ordinary skill would have a reasonable expectation of success. See In re Dow Chemical Co., 837 F.2d 469, 473, 5 USPQ2d 1529, 1531 (Fed. Cir. 1988). Both the suggestion and the reasonable expectation of success must be founded in the prior art, not in the applicant's disclosure. *Id.*" In re Vaeck, ___ F.3d ___, 20 USPQ2d 1438 (Fed. Cir. 1991). "The consistent criterion for determination of obviousness is whether the prior art would have suggested to one of ordinary skill in the art that this process should be carried out and would have a reasonable likelihood of success, viewed in the light of the prior art. See Burlington Industries v. Quigg, 822 F.2d 1581, 1583, 3 USPQ2d 1436, 1438 (Fed. Cir. 1987); In re Hedges, 783 F.2d 1038, 1041, 228 USPQ 685, 687 (Fed. Cir. 1987); Orthopedic Equipment Co. v. United States, 702 F.2d 1005, 1013, 217 USPQ 193, 200 (Fed. Cir. 1983); In re Rinehart, 531 F.2d 1048, 1053-54, 189 USPQ 143, 148 (CCPA 1976). Both the suggestion and the expectation of success must be founded in the prior art, not in the applicant's disclosure. In determining whether such a suggestion can fairly be gleaned from the prior art, the full field of the invention must be considered; for the person of ordinary skill is charged with knowledge of the entire body of technological literature, including that which might lead away from the claimed invention." In re Dow Chemical Co., 837 F.2d 469, 473, 5 USPQ2d 1529, 1531-32 (Fed. Cir. 1988). The rejections of record fail the obviousness tests cited above, as explained below.

b. O'Brien

The O'Brien patent discloses a method and apparatus for selected distribution of discount coupons at POS terminals based upon a customer's prior shopping history. Figure 1

in the O'Brien patent shows POS terminals 12 in communication with a store controller 10. See column 5 lines 2-12. Figure 1 in the O'Brien patent also shows a printer 28 controlled by a Catalina personal computer 20. The Catalina personal computer 20 communicates with the customer purchase file 22 and the check out direct database 24. The check out direct database 24 stores terms and conditions of discount deals. Column 5 lines 48-61. In addition, the O'Brien patent discloses that the customer's purchase history is stored in the customer purchase file 22. Column 6 line 4-6.

The O'Brien patent's printer 28 is connected to a POS terminal. The O'Brien patent discloses that there is one printer 28 connected to each POS terminal. Column 5 lines 57-61.

The O'Brien patent discloses providing incentive offers in the form of coupons or certificates at the printer at the POS terminal, and doing so during a customer's purchase transaction. Column 8 line 47 to column 10 line 54.

The O'Brien patent only discloses providing incentive offers to the customer during a purchase transaction at a POS terminal.

c. Murphy

The Murphy patent discloses a supermarket inventory control system (see the title) which (1) ensures coupons presented for redemption are valid (i.e., that the associated purchase of goods complies with the terms of the coupon incentive offer, see column 4 lines 56-58), (2) accounts for the credit provided to a customer during a purchase transaction based upon a validated coupon (column 4 lines 58-60), and (3) sells items not carried in the store (self liquidated premiums, see column 5 lines 18-47) which sold items the manufacturers of the items then mail to the purchasing customer's residence address (column 11 lines 9-23). Murphy relies upon predetermined bar coded documents to be scanned at a POS terminal to account for certain credit (for coupon purchase incentives) and debit (for sale of items not

carried in the store) during customer purchase transactions at a POS terminal. These documents are either (1) redemption coupons requiring purchase of a specified product within a specified time as conditions for obtaining credit identified by the document or (2) "self liquidating premiums" documents by which Murphy means a payment at a POS terminal for a product item to subsequently be delivered to the customer's residence address.

Murphy discloses a POS system including a POS terminal (element 12 in figure 2, column 5 lines 64-66), the POS terminal also including a checkout scanner (element 10 in figure 2), an in-store data processor (element 14 in figure 2, column 6 lines 1-3). Murphy identifies the novel elements of his system to be the "scan coupon" (element 30 in Figure 2, column 7 lines 3-7), the "scan concentrator" (element 32 in figure 1, column 7 line 16 to column 8 line 7) for storing and validating scanned coupon information. Murphy discloses scanning a bar code on a document at the POS terminal, transmitting scanned product sales data and scanned document data to the scan concentrator, and the scan concentrator (1) determining whether to the coupon is valid and if so how much to credit the current purchase transaction and (2) maintaining credit records for use in billing manufacturers for redeemed coupons.

Murphy also discloses an embodiment illustrated by figure 5 which includes a scan printer keyboard and display 88 (column 10 lines 12-18) that is capable of printing (1) predetermined (see column 10 lines 1-11 and 22-26) redemption coupon documents containing a bar code identifying the terms of the coupon offer and predetermined (see column 10 lines 1-11 and 22-26) self liquidating premium documents containing a machine readable code identifying both the terms of the offer and the name and residence address of the customer (column 10 lines 27-31 and 333-36 as to the self liquidating premium documents which include name and residence address). Murphy discloses that the printer

and display 88 are controlled by the scan concentrator to offer documents (redemption coupons and self liquidating premium documents) currently being offered by manufacturers. Murphy also discloses that the customer's name and address printed on the self liquidating premium document can be read from an ID card presented by the customer.

Murphy discloses that the customer presents product items for purchase and all documents to the clerk at the POS terminal, the clerk scans all scannable items (column 10 lines 48-53), valid purchase redemptions are subtracted from the cost of the product items, and the cost for any self liquidating premium is added to the cost of the product items (column 10 lines 62-67), and that the POS system timely electronically transmits the purchase information (including the customer's name and residence address) for a manufacturer's self liquidating premium to the manufacturer, for fulfillment of that order (column 11 lines 9-23).

d. The Examiner's General Argument

The examiner argues (1) that it would have been obvious to modify Murphy's system in view of the teachings of O'Brien's system, (2) that it would have been obvious to modify Murphy's system in a particular manner, and (3) that the proposed modification is subject matter defined by each and every one of claims 102-126. I dispute these conclusions for the following reasons.

e. Murphy and O'Brien's Advertising Goals are Incompatible

First, Murphy and O'Brien are directed to disparate goals. Murphy is directed to accounting or inventory control for product redemption in which anyone can obtain a predetermined redemption coupon document or a self liquidating premium document. Murphy teaches that it is a goal of the manufacturer offering these documents to the general public to increase sales. See column 10 lines 1-11. In contrast, O'Brien provides a system in which each customer receives a different incentive offer from any other customer. That

individualized incentive offering is inconsistent with the advertising to the general public characteristically necessary for Murphy's system to function. O'Brien's incentive offers necessarily vary from person to person and therefore cannot be generally advertized. Thus, the incentive offer functions of Murphy (requiring general advertising to be effective) and O'Brien (requiring no general advertising) are incompatible with one another. Therefore, there is no utility in combining the functions of these two disparate systems into one system. Since there is no motivation to combine, the rejections of claims 102-126 should be reversed.

f. Combination of Murphy and O'Brien Does Not Result in the Claimed Inventions

1. Combination of the Functions of Both References Is not Subject Matter Defined by the Claims

Any combination of elements (whether or not that combination would have been obvious) does not result in subject matter defined by the claims. What O'Brien discloses that is not disclosed by Murphy is automatically, meaning without customer selection, providing targeted incentive coupons to the customer, with the targeting based upon the customer's prior purchase behavior, to an identified customer at a POS terminal during the customer's purchase transaction at the POS terminal. Adding those features to Murphy's system results in a system with both (1) Murphy's function of allowing the customer to select predetermined (meaning non-targeted) redemption coupons at a display and keyboard 88 located away from a POS terminal and (2) O'Brien's function of automatically generating targeted coupons for the consumer when the consumer checks out at the POS terminal. This combination is not subject matter defined by any claim. Claims 102-126 define transmitting a list of incentives including targeted incentives to the customer at a location distinct from the POS terminal, and this combination of Murphy and O'Brien does not suggest those limitation. For this reason, the rejections of claims 102-126 should be reversed.

2. **There is No Motivation to Modify the Functions
Provided by Either Reference**

There is no teaching or suggestion in either reference which would suggest modifying Murphy's system to enable the customer to view a list of targeted incentives tailored to that customer's shopping habits at Murphy's display and keyboard 88. Moreover, that functionality would be inconsistent with the teaching of O'Brien respecting its method of determining what incentive coupons to provide to a customer. O'Brien teaches that the determination of what targeted coupons to provide to a customer depends upon "identifying triggering products in the customer order" at the POS terminal when the customer is in the process of purchasing products. O'Brien's system requires input of the products in the customer's purchase transaction at the POS terminal to determine what targeted incentives to offer the customer. See O'Brien column 3 lines 37-43 and column 4 lines 313-23. Nothing in Murphy suggests inputting product purchase information on products in the customer's order at Murphy's printer, keyboard, and display 88 (i.e., separate from the POS terminal) in order to receive one of Murphy's redemption documents. Therefore, neither reference teaches such a combination.

Moreover, such an improper combination would also force a consumer to input his purchases into Murphy's printer, keyboard, and display 88 prior to when the consumer reaches the POS terminal, and that action is obviously lacking in utility since it forces consumers to take actions not necessary for their purpose of purchasing products. Thus, rejections based upon this construction are improper and should be reversed. For this additional reason, the rejections of all claims should be reversed.

g. **Why Independent Claim 102 is Non-obvious in View of the
Applied Prior Art**

Independent claim 102 defines subject matter distinct from the combination of

functions of O'Brien and Murphy, as shown below.

Independent claim 102 recites :

a customer interface in communication with said at least one computer to transfer data therebetween; said customer interface having means for identifying a customer to allow particular customer account information to be associated with a customer using the customer interface;

at least one offer communicator for communicating said customer offer list to the customer for which it is generated;

The specification at page 9 line 17 to page 10 line 18 defines both the customer interface and the offer communicator, stating that:

At least one kiosk 26 is placed in each store 14. The kiosk 26 is a booth or housing. Preferably, at least one kiosk 26 is located near the entrance of the store 14. One or more additional kiosks can be located in other parts of the store frequented by customers. The system 10 further comprises a customer interface 28 housed in each kiosk 26 and in communication with the store level computer 12 associated with the store in which the kiosk 26 is located. In the illustrated embodiment, the customer interface comprises a card reader 28 including for reading the machine readable information on the card, for sending information from the card to the store level computer 12 of the store where the kiosk is located. In the illustrated embodiment, the customer interface comprises a dumb-terminal 30 connecting the card reader 28 to the store level computer 12. Other customer interfaces can be employed, such as interactive terminals, touch screen interfaces, etc.

The kiosk 26 also houses an offer communicator (offer communicator means) 32 for communicating respective individualized lists of special offers to customers who access the customer interface. While various offer communicators could be employed, in the illustrated embodiment the offer communicator comprises a printer. The printer 32 is preferably a high speed printer, such as a thermal printer, so as to enable quick processing of customers at the kiosk 26 to keep lines at

the kiosk 26 down to a minimum. In one embodiment, the printer 32 prints at least 500 lines per minute. More particularly, the printer 32 is a thermal strip printer which prints 600 lines per minute. Other high speed printers can be employed.

Claim 102 recites that "said customer interface having means for identifying a customer to allow particular customer account information to be associated with a customer using the customer interface." Claim 102 defines the "customer account information including prior purchasing behavior for the particular customer." The "customer interface" defined by claim 102 is distinct from a check-out or POS terminal as evidenced by the facts that claim 102 also recites a "check-out" or POS terminal and the specification defines the "customer interface" as distinct from the POS terminal. Specification paragraph spanning pages 9 and 10. Neither O'Brien nor Murphy disclose an element such as the customer interface allowing a customer account to be associated with a customer using the customer interface distinct from the POS terminal, as defined by this claim recitation. I note specifically that Murphy column 10 lines 26-31 expressly refer to an embodiment requiring reading of a customer's ID card. However, Murphy discloses that the ID card is only presented for purposes of having the customer's name and residence address recorded; Murphy does not disclose a customer account, and certainly does not disclose a customer account having the customer's prior purchase associated with it. Accordingly, there is no teaching in either applied reference which would suggest the function of the "customer interface", a structure distinct from the POS terminal, of "identifying a customer to allow particular customer account information to be associated with a customer using the customer interface." Therefore, the subject matter defined by claim 102 would not have been obvious, and for that reason alone its rejection should be reversed.

Moreover, claim 102 also recites an "offer communicator for communicating said

customer offer list to the customer for which it is generated." Again, the "offer communicator" defined by claim 102 is distinct from the POS terminal as indicated by the separate "check-out" element defined by claim 102 and the specification. Neither O'Brien's system nor Murphy's system either communicates a "customer offer list to the customer for which it was generated" or includes an "offer communicator" distinct from the POS terminal. Therefore, neither O'Brien nor Murphy define an "offer communicator" as claimed. Moreover, even if O'Brien's POS coupons are deemed to be a "customer offer list" for the customer at check-out, the claimed "offer communicator" is distinct from the POS terminal for reasons already presented. Thus, there is no teaching in either applied reference suggesting modifying Murphy's system to include an "offer communicator for communicating said customer offer list to the customer for which it is generated." For this additional reason, the subject matter defined by claim 102 would not have been obvious and its rejection should be reversed.

h. Why the Rejections of Each Group of Claims Should be Reversed - Group by Group Reasoning

1. Group 1 - Claims 102 and 120

The O'Brien and Murphy patents do not disclose or suggest either an offer communicator or a customer interface, as defined in claim 102 for reasons just stated.

2. Group 2 - Claim 103

The O'Brien patent defines a printer as part of each POS terminal.

In contrast, dependent claim 103 defines the offer communicator as comprising a printer. The subject application discloses that the printer defined by claim 103 enables providing the customer with a printed list of targeted and non-targeted incentive offers available to the customer just prior to when the customer intends to purchase products. The O'Brien and Murphy patents do not disclose or suggest providing a printed list of incentive

offers to the customer, and do not disclose or suggest doing so just prior to when the customer intends to purchase products, and they do not disclose a printer that provides a list of targeted incentive offers separate from a POS terminal. Therefore, the invention defined by claim 103 would not have been obvious to one of ordinary skill in the art in view of the O'Brien and Murphy patents. Therefore, the rejection of claim 103 should be reversed.

3. Group 3 - Claim 104

The O'Brien patent does not define a visual display displaying offers to a customer. The Murphy patent discloses displaying predetermined offers to the customer.

In contrast, dependent claim 104 defines the offer communicator as comprising a visual display. The visual display enables the offer communicator to visually communicate to the customer a list of targeted and non-targeted incentive offers just prior to when the customer intends to purchase products. The O'Brien and Murphy patents do not disclose or suggest displaying targeted incentive offers to a customer just prior to when the customer intends to purchase products, and they do not disclose an offer communicator communicating a list including targeted offers to a customer. Therefore, the invention defined by claim 104 would not have been obvious to one of ordinary skill in the art in view of the O'Brien and Murphy patents. Therefore, the rejection of claim 104 should be reversed.

4. Group 4 - Claim 105

The O'Brien and Murphy patents disclose a scanner as part of a POS terminal.

In contrast, dependent claim 105 defines the means for identifying the customer in the customer interface as a card reader. To the extent the Board does not construe claim 102's customer interface distinct from a POS terminal, the claim further distinguishes.

Therefore, the rejection of claims 105 should be reversed.

5. Group 5 - Claims 107 and 108

The O'Brien and Murphy patents disclose a scanner as part of a POS terminal.

In contrast, dependent claims 107 and 108 define the means for identifying the customer in the customer interface as employing finger print scans and means reading retinal patterns. Identifying the customer at the customer interface enables communicating to the customer a list of incentive offers targeted to the particular customer at the customer interface just prior to when the customer intends to purchase products.

The O'Brien and Murphy patents do not disclose or suggest communicating a list of targeted incentive offers to a customer just prior to when the customer intends to purchase products, and they do not disclose or suggest a customer interface having a means for identifying a customer's associated account. Therefore, the inventions defined by each one of claims 105, 107, and 108 would not have been obvious to one of ordinary skill in the art in view of the O'Brien and Murphy patents. Therefore, the rejections of claims 107 and 108 should be reversed.

6. Group 6 - Claim 106

Neither the O'Brien nor the Murphy patent discloses using passwords.

In contrast, dependent claim 106 defines means for identifying a customer including means for considering a password. Therefore, the invention defined by claim 105 would not have been obvious to one of ordinary skill in the art in view of the O'Brien and Murphy patents. Therefore, the rejection of claim 106 should be reversed.

7. Group 7 - Claim 109

The O'Brien and Murphy patents disclose a POS terminal.

In contrast, dependent claim 109 defines the elements of the POS terminal (which is

recited as the “check-out”) in the system defined by the present claims, thereby further clarifying that neither the customer interface nor the offer communicator recited in independent claim 102 corresponds to a POS terminal. Since the O’Brien and Murphy patents do not disclose or suggest either a customer interface or an offer communicator, the invention defined by claim 109 would not have been obvious to one of ordinary skill in the art in view of the O’Brien and Murphy patents. Therefore, the rejection of claim 109 should be reversed.

8. Group 8 - Claim 110

The O’Brien patent discloses maintaining a cumulative record of certificates that have been redeemed and applying of discounts based on certificates to a customer’s order. Column 9 lines 49-52. Murphy contains a similar disclosure.

In contrast, dependent claim 110 defines a means for suspending the accepted special offers from the customer’s offer list. Suspending the offer on accepted special offers prevents the customer from exceeding discount limitations, as discussed at page 1 lines 11-18 of the specification. Neither O’Brien nor Murphy discloses or suggests suspending from a customer’s offer list special offers that the customer has accepted. Therefore, the invention defined by claim 110 would not have been obvious to one of ordinary skill in the art in view of the O’Brien and Murphy patents. Therefore, the rejection of claim 110 should be reversed.

9. Group 9 - Claim 111

The O’Brien patent discloses logging redemptions. Column 9 lines 49-52. Murphy contains a similar disclosure.

In contrast, dependent claim 111 defines logging the failure of a customer to accept a

special offer, i.e. the failure of the customer to purchase a product as the condition for accepting the special offer, and failing to do so within a predetermined time after the customer accessed the customer interface. Storing this data provides additional information that can be used to target incentives to the customer. Neither O'Brien nor Murphy discloses or suggests storing this type of data. Therefore, the invention defined by claim 111 would not have been obvious to one of ordinary skill in the art in view of the O'Brien and Murphy patents. Therefore, the rejection of claim 111 should be reversed.

10. Group 10 - Claim 112

Dependent claim 112 defines that the special offers include both non-targeted and targeted special offers. Through its dependency from claim 1, claim 112 defines the offer communicator communicating both targeted and non-targeted offers to the customer. Neither O'Brien nor Murphy discloses or suggests communicating to the customer targeted and non-targeted offers separate from a POS terminal. Therefore, the invention defined by claim 112 would not have been obvious to one of ordinary skill in the art in view of the O'Brien and Murphy patents. Therefore, the rejection of claim 112 should be reversed.

11. Group 11 - Claim 113

The O'Brien patent defines POS terminals which communicate back and forth with a store controller.

In contrast, independent claim 113 defines means for downloading from the computer to the POS terminal a list of all products for which special offers exist for a customer. That data transmission allows the POS terminal to determine correlation between the special offers available to the customer and the products that the customer is purchasing. Neither O'Brien nor Murphy discloses or suggests incentive offer acceptance determinations at the POS

terminal, and it does not disclose the downloading of all of the available incentive offers to the POS terminal. Therefore, the invention defined by claim 113 would not have been obvious to one of ordinary skill in the art in view of the O'Brien and Murphy patents. Therefore, the rejection of claim 113 should be reversed.

12. Group 12 - Claim 114

Neither O'Brien nor Murphy discloses or suggests communicating to each customer a running total of savings realized by the customer.

In contrast, dependent claim 114 defines a means for maintaining and for communicating to each customer a running total of savings realized by that customer. Therefore, the invention defined by claim 114 would not have been obvious to one of ordinary skill in the art in view of the O'Brien and Murphy patents. Therefore, the rejection of claim 114 should be reversed.

13. Group 13 - Claim 115

Dependent claim 115 defines that the check-out communicates to each customer the running total of savings realized by that customer. For the reasons presented for claim 114, it would not have been obvious to one of ordinary skill in the art in view of the O'Brien and Murphy patents to present to the customer a running total of savings realized by that customer. Moreover, neither applied reference suggests providing a running total of savings realized by the customer to the customer at the POS terminal (i.e. at the check-out). For these additional reasons, the invention defined by claim 115 would not have been obvious to one of ordinary skill in the art in view of the O'Brien and Murphy patents. Therefore, the rejection of claim 115 should be reversed.

14. Group 14 - Claim 116

The O'Brien patent discloses predetermined targeting parameters. Murphy is silent on this concept.

In contrast, dependent claim 116 defines a system including means for establishing targeted offer targeting parameters.

The O'Brien patent does not disclose or suggest automatically determining targeted offer targeting parameters. Therefore, the invention defined by claim 116 would not have been obvious to one of ordinary skill in the art in view of the O'Brien and Murphy patents. Therefore, the rejection of claim 116 should be reversed.

15. Group 15 - Claim 117

The O'Brien and Murphy patents disclose a POS terminal.

In contrast, dependent claim 117 defines that the customer interface is spaced apart from the POS terminal. Dependent claim 117 further clarifies that the customer interface is not part of POS terminal. Therefore, the invention defined by claim 117 would not have been obvious to one of ordinary skill in the art in view of the O'Brien patent. Therefore, the rejection of claim 117 should be reversed.

16. Group 16 - Claim 118

The O'Brien patent discloses providing targeted incentives to customers at a POS terminal. Murphy is silent on this concept.

In contrast, dependent claim 118 defines printing a predetermined number of special offers available to a customer wherein the predetermined number is the same for all customers who use the customer interface. Moreover, dependent claim 118 defines that the predetermined number of special offers made available to each customer are the highest value special offers available to that particular customer. The O'Brien patent discloses neither of

these limitations. The O'Brien patent provides no teachings limiting the number of offers and no teachings suggesting ranking the offers. For all the forgoing reasons the invention defined by claim 118 would not have been obvious to one of ordinary skill in the art in view of the O'Brien and Murphy patents. Therefore, the rejection of claim 118 should be reversed.

17. Group 17 - Claim 119

The O'Brien patent discloses a POS terminal.

In contrast, dependent claim 119 defines communicating via the offer communicator to randomly select a customer's prizes. Neither O'Brien nor Murphy discloses or suggests this feature. Therefore, the invention defined by claim 119 would not have been obvious to one of ordinary skill in the art in view of the O'Brien patent. Therefore, the rejection of claim 119 should be reversed.

18. Group 18 - Claim 121

The O'Brien patent discloses providing targeted incentives to a customer during a purchase transaction for use at a subsequent shopping visit to a store. Murphy is silent on this targeted incentives.

In contrast, dependent claim 121 defines means for preventing a special offer from being communicated to a customer if the product associated with the special offer is out of stock. The invention defined by dependent claim 121 provides inventory control by not increasing the demand for products that are out of stock. Neither O'Brien nor Murphy suggest this form of inventory control. Therefore, the invention defined by claim 121 would not have been obvious to one of ordinary skill in the art in view of the O'Brien and Murphy patents. Therefore, the rejection of claim 121 should be reversed.

19. Group 19 - Claim 122

The O'Brien patent discloses identifying the customer during a transaction at a POS terminal. The Murphy patent discloses using information from a card ID to encode consumer's name and residence address on a self liquidating premium document.

In contrast, dependent claim 122 defines basing credit in a frequent shopper program upon the customer's usage of the customer interface. Since neither O'Brien nor Murphy suggests a customer interface, they do not suggest basing credit upon the usage of the customer interface. Therefore, the invention defined by claim 122 would not have been obvious to one of ordinary skill in the art in view of the O'Brien and Murphy patents. Therefore, the rejection of claim 122 should be reversed.

20. Group 20 - Independent Claim 123

The O'Brien patent discloses a host computer 30 communicating with a Catalina personal computer 20, as shown in the O'Brien patent's Figure 1. The O'Brien patent discloses that the host computer 30 generates various accounting reports 34. Column 5 line 62 to column 6 line 3. The Murphy patent discloses a system in which incentive instructions from a manufacturer are loaded into the store computer system. Murphy also discloses a chain host computer to which store computers transmit accumulated transaction information (murphy column 6 lines 32-37 and column 8 lines 13-17).

In contrast, independent claim 123 defines a supervisory computer network and a plurality of store level computers, and the supervisory computer "periodically downloading special offers to the store level computers." The downloading of special offers from the supervisory computer to the plurality of store level computers overcomes the burden of having to manually input updated special offers at each of the store level computers. The O'Brien and Murphy patents do not disclose or suggest this concept. Therefore, the invention defined by independent claim 123 would not have been obvious in view of the O'Brien patent for this

reason.

Moreover, the invention defined by independent claim 123 would not have been obvious in view of the O'Brien patent for the same reason applicable to independent claim 102. Therefore, the rejection of claim 123 should be reversed.

21 Group 21 - Claim 124

Dependent claim 124 defines the offer communicator means as including at least one printer. Dependent claim 124 would not have been obvious to one of ordinary skill in the art in view of the O'Brien patent (1) due to its dependency from claim 123 and (2) for the reasons applicable to claim 103. Therefore, the rejection of claim 124 should be reversed.

22 Group 22 - Claim 125

Dependent claim 125 defines the offer communicator means including at least one visual display. Claim 125 would not have been obvious to one of ordinary skill in the art in view of the O'Brien patent (1) due to its dependency from claim 123 and (2) for the reasons applicable to claim 104. Therefore, the rejection of claim 125 should be reversed.

23 Group 23 - Claim 126

Dependent claim 126 defines the offer list generated prior to check-out. Neither O'Brien nor Murphy disclose an offer list including targeted incentives communicated to the customer prior to check-out. Therefore, the rejection of claim 126 should be reversed.

5. 37 CFR 1.192(c)(8)(v)

There are no rejections other than those referred to in paragraphs (c)(8)(c)(iv) of subsection 37 CFR 1.192. Accordingly, this subsection is inapplicable.

I. 37 CFR 1.192(c)(9) Appendix

Appendix I contains a clean copy of claims 102-126.

IV. 37 CFR 1.192(d)

This brief is in compliance with 37 CFR 1.192(c). Accordingly, this subsection is inapplicable.

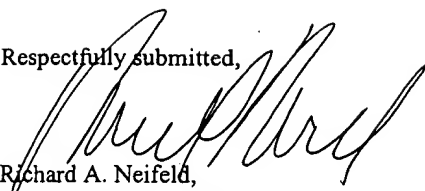
V. Additional Appendices

Appendix II - relevant proposed findings of fact.

Appendix III - relevant proposed conclusions of law.

12/22/01

Respectfully submitted,



Richard A. Neifeld,
Registration No. 35,299
Attorney of Record
OBLON, SPIVAK, McCLELLAND,
MAIER & NEUSTADT, P.C.
Fourth Floor
1755 Jefferson Davis Highway
Arlington, Virginia 22202
(703) 412-6492 (direct dial)
(703) 413-2220 (facsimile)
RNEIFELD@OBLON.COM (e-mail)

Printed: July 14, 2000 (3:27 PM)
I:\atty\RAN\clients\CATALINA\77910122\Brief.011218.wpd

APPENDIX I - CLEAN COPY OF CLAIMS 102-126

102. A system for presenting customized special offers to customers, the special offers including targeted offers to a customer selected from a plurality of customers, and for collecting purchasing behavior information concerning the customers, the system comprising:

at least one computer including at least one database containing customer account information providing information on customers which is specific to a particular customer account, the customer account information including prior purchasing behavior for the particular customer account for products in addition to products being provided with coupon offerings;

said at least one computer also including a database containing special offers including at least one targeted offer which is to be made to customer accounts on the basis of targeted offer targeting parameters, said targeted offer targeting parameters including prior purchasing behavior for the particular customer account, said prior purchasing behavior including prior purchasing behavior for the particular customer account for products in addition to products being provided with coupon offerings;

a customer interface in communication with said at least one computer to transfer data therebetween; said customer interface having means for identifying a customer to allow particular customer account information to be associated with a customer using the customer interface;

said at least one computer receiving information from said means for identifying a customer, to allow said at least one computer to access customer account information contained in said at least one computer and the database containing special offers;

said at least one computer including means for generating a customized customer offer list for that particular customer account which includes at least one said special offer;

at least one offer communicator for communicating said customer offer list to the customer for which it is generated;

at least one check-out at which the customer presents purchased item information indicating items being purchased by the customer;

said at least one computer including means for sending information from the customized customer offer list to the at least one check-out;

said at least one computer further including means for collecting customer purchase information which is indicative of items being purchased by the customer via the check-out;

said at least one computer still further including means for editing said customer account information to reflect items purchased by the customer.

103. A system in accordance with claim 1 wherein the offer communicator comprises a printer.

104. A system in accordance with claim 1 wherein the offer communicator comprises a visual display.

105. A system in accordance with claim 1 wherein the means for identifying a customer is a card reader which reads a customer card.

106. A system in accordance with claim 1 wherein the means for identifying a customer includes means for considering a password.

107. A system in accordance with claim 1 wherein the means for identifying a customer includes means employing fingerprint scans.

108. A system in accordance with claim 1 wherein the means for identifying a customer includes means employing retinal scans.

109. A system in accordance with claim 1 wherein the at least one check-out includes means for identifying a customer which is a card reader which reads a customer card; the card

reader comprises a bar code reader in communication with the computer, the bar code reader reading the cards in addition to products, the system including means for associating a purchased item with a customer if one of the cards is scanned by the bar code reader in sequence with scanning of products.

110. A marketing system in accordance with claim 1 wherein the checkout comprises:
means for identifying a customer which is a card reader which reads a customer card;
the card reader comprises a bar code reader in communication with the computer, the bar code reader reading the cards in addition to products, the system including means for associating a purchased item with a customer if one of the cards is scanned by the bar code reader in sequence with scanning of products;

means for totaling the costs of purchases, wherein the system includes means for associating a purchased item with a customer if one of the cards is scanned by the bar code reader in sequence with scanning of products, and wherein the system includes means for adjusting the customer's total to reflect special offers accepted by the customer, and for suspending the accepted special offers from the customer's offer list.

111. A system in accordance with claim 1 and further comprising means for recording that a special offer was not accepted by a customer if the customer does not present a product for which a special offer was available to the check-out within a predetermined amount of time after that customer accessed the customer interface.

112. A system in accordance with claim 1 wherein the special offers include broadcast, non-targeted, special offers which are generally available to all customers.

113. A system in accordance with claim 1 wherein the check-out includes:

means for identifying a customer which is a card reader which reads a customer card;
a bar code reader, the system further comprising means for downloading, from the

computer to the check-out, a list of all products for which special offers exist for at least one customer, means for associating a purchased item with a customer if one of the cards is scanned by the bar code reader in sequence with scanning of a product, means for accessing the computer in response to the bar code reader reading a product included in the list of all products for which special offers may be available and for determining the special offer available to that customer whose card was scanned at the check-out, for that particular product.

114. A system in accordance with claim 1 and further comprising means for maintaining and for communicating to each customer a running total of savings realized by that customer.

115. A system in accordance with claim 1 and further comprising means for maintaining for each customer a running total of savings realized by that customer, wherein the check-out communicates to each customer a running total of savings realized by that customer.

116. A system in accordance with claim 1 and further comprising means for establishing targeted offer targeting parameters in the form of criteria a customer must meet in order to be eligible for a particular targeted offer, and for determining which customers in the customer account database meet the criteria.

117. A system in accordance with claim 1 wherein the customer interface is spaced apart from the check-out.

118. A system in accordance with claim 1 wherein the offer communicator comprises a printer, wherein the system further comprises means for sending to the printer a predetermined number of special offers available to a particular customer, wherein the predetermined number is the same for all customers who use the customer interface, and wherein the predetermined number of special offers are the highest value special offers

available to the particular customer, calculated on the basis of percentage reduction in price.

119. A system in accordance with claim 1 and further comprising lottery means for randomly selecting customers for prize awards, the lottery means including means for causing the offer communicator to indicate to the customer the prize awarded..

120. A system in accordance with claim 1 and comprising a plurality of computers associated with a plurality of stores, wherein each customer is associated with a home store which is one of said plurality of stores, and wherein the customer account information for the customers are respectively stored in the computers of their home stores.

121. A system in accordance with claim 1 and further comprising means for preventing a special offer from being communicated by the offer communicator if the product associated with the special offer is out of stock.

122. A system in accordance with claim 1 and further comprising means defining a frequent shopper program including means for providing points to customers based on usage of the customer interface.

123. A system for presenting special offers to customers of a chain of stores, the special offers including customized targeted offers for specific customers, the system comprising:

a plurality of store level computers, respective store level computers being associated with respective stores, the computers respectively including a database containing customer account information, and a database of special offers including customized targeted offers to be made to selected customer accounts on the basis of targeted offer targeting parameters, said targeted offer targeting parameters including prior purchasing behavior for the particular customer account, said prior purchasing behavior including prior purchasing behavior for the particular customer account for products in addition to products being provided with coupon

offerings;

a supervisory computer networked to the store level computers, the supervisory computer periodically downloading special offers to the store level computers;

a plurality of customer interfaces, respective customer interfaces being located in respective stores and being in communication with the store level computer associated with that store, the interfaces having means for identifying a customer to the store level computer associated with that store;

the store level computers respectively including means for accessing information about the special offers available to the customer from specific customer account information which includes prior purchasing behavior for the particular customer for products in addition to those for which coupon offers are being made;

means for generating a customized list of special offers available to that particular customer;

offer communicator means for communicating respective individualized lists of special offers to customers who access the customer interface.

124. A system in accordance with claim 122 wherein the offer communicator means includes at least one printer.

125. A system in accordance with claim 122 wherein the offer communicator means includes at least one visual display.

126. A system in accordance with claim 122 wherein said offer list is generated for said customer prior to the check-out of said customer.

APPENDIX II - PROPOSED FINDINGS OF MIXED FACT AND LAW

1 Claims 102-126 stand rejected as obvious in view of United States patent Nos. 4,554,446 to Murphy et al. (hereinafter referred to as "the Murphy patent" or "Murphy") and

5,832,457 to O'Brien et al. (hereinafter referred to as "the O'Brien patent" or "O'Brien").

2 The O'Brien patent only discloses providing incentive offers to the customer during a purchase transaction at a POS terminal.

3 There is no teaching or suggestion in either reference to modify Murphy's system to enable the customer to view a list of targeted incentives tailored to that customer's shopping habits at Murphy's printer and keyboard 88.

4 There is no teaching in either applied reference which would suggest the "customer interface", a structure distinct from the POS terminal, of functioning to "identifying a customer to allow particular customer account information to be associated with a customer using the customer interface," as defined by claim 102.

5 There is no teaching in either applied reference suggesting modifying Murphy's system to include an "offer communicator for communicating said customer offer list to the customer for which it is generated," as defined by claim 102.

6 The O'Brien and Murphy patents do not disclose or suggest providing a printed list of incentive offers to the customer, and do not disclose or suggest doing so just prior to when the customer intends to purchase products, and they do not disclose a printer that provides a list of targeted incentive offers separate from a POS terminal.

7 The O'Brien and Murphy patents do not disclose or suggest displaying targeted incentive offers to a customer just prior to when the customer intends to purchase products, and they do not disclose an offer communicator communicating a list including targeted offers to a customer.

8 The O'Brien and Murphy patents do not disclose or suggest means for identifying the customer in the customer interface as employing finger print scans and means reading retinal patterns.

9 The O'Brien and Murphy patents do not disclose or suggest communicating a list of targeted incentive offers to a customer just prior to when the customer intends to purchase products, and they do not disclose or suggest a customer interface having a means for identifying a customer's associated account.

10 Neither the O'Brien nor the Murphy patent discloses or suggest using passwords.

11 The O'Brien and Murphy patents do not disclose or suggest a means for suspending the accepted special offers from the customer's offer list.

12 The O'Brien and Murphy patents do not disclose or suggest logging the failure of a customer to accept a special offer, i.e. the failure of the customer to purchase a product as the condition for accepting the special offer, and failing to do so within a predetermined time after the customer accessed the customer interface.

13 The O'Brien and Murphy patents do not disclose or suggest an offer communicator as claimed communicating both targeted and non-targeted offers to the customer.

14 The O'Brien and Murphy patents do not disclose or suggest means for downloading from the computer to the POS terminal a list of all products for which special offers exist for a customer.

15 The O'Brien and Murphy patents do not disclose or suggest means for maintaining and for communicating to each customer a running total of savings realized by that customer. Therefore, the invention defined by claim 114 would not have been obvious to one of ordinary skill in the art in view of the O'Brien and Murphy patents. Therefore, the rejection of claim 114 should be reversed.

16 The O'Brien and Murphy patents do not disclose or suggest a check-out POS terminal that communicates to each customer the running total of savings realized by that customer.

17 The O'Brien and Murphy patents do not disclose or suggest a system including means

for establishing targeted offer targeting parameters.

18 The O'Brien and Murphy patents do not disclose or suggest a customer interface is spaced apart from the POS terminal and not part of a POS terminal.

19 The O'Brien and Murphy patents do not disclose or suggest printing a predetermined number of special offers available to a customer wherein the predetermined number is the same for all customers who use the customer interface.

20 The O'Brien and Murphy patents do not disclose or suggest communicating via the offer communicator to randomly select a customer's prizes.

21 The O'Brien and Murphy patents do not disclose or suggest means for preventing a special offer from being communicated to a customer if the product associated with the special offer is out of stock.

22 The O'Brien and Murphy patents do not disclose or suggest basing credit in a frequent shopper program upon the customer's usage of the customer interface.

23 The O'Brien and Murphy patents do not disclose or suggest a supervisory computer network and a plurality of store level computers, and the supervisory computer "periodically downloading special offers to the store level computers."

24 The O'Brien and Murphy patents do not disclose or suggest an offer list including targeted incentives communicated to the customer prior to check-out.

APPENDIX III - PROPOSED CONCLUSIONS OF LAW

Claims 102-126 are not obvious in view of the combined teaching of the O'Brien and Murphy patents.

Printed: August 26, 2002 (11:10am)

Y:\Clients\Catalina\MEI2-DAY-CPA\Drafts\CleanClaimsMEI2DAY_020702.wpd

102. A system for presenting customized special offers to customers, the special offers including targeted offers to a customer selected from a plurality of customers, and for collecting purchasing behavior information concerning the customers, the system comprising:

- at least one computer including at least one database containing customer account information providing information on customers which is specific to a particular customer account, the customer account information including prior purchasing behavior for the particular customer account for products in addition to products being provided with coupon offerings;

- said at least one computer also including a database containing special offers including at least one targeted offer which is to be made to customer accounts on the basis of targeted offer targeting parameters, said targeted offer targeting parameters including prior purchasing behavior for the particular customer account, said prior purchasing behavior including prior purchasing behavior for the particular customer account for products in addition to products being provided with coupon offerings;

- a customer interface in communication with said at least one computer to transfer data therebetween; said customer interface having means for identifying a customer to allow particular customer account information to be associated with a customer using the customer interface;

- said at least one computer receiving information from said means for identifying a customer, to allow said at least one computer to access customer account information contained in said at least one computer and the database containing special offers;

- said at least one computer including means for generating a customized customer offer list for that particular customer account which includes at least one said special offer;

- at least one offer communicator for communicating said customer offer list to the customer for which it is generated;

- at least one check-out at which the customer presents purchased item information indicating items being purchased by the customer;

- said at least one computer including means for sending information from the customized customer offer list to the at least one check-out;

- said at least one computer further including means for collecting customer purchase information which is indicative of items being purchased by the customer via the check-out;

- said at least one computer still further including means for editing said customer account information to reflect items purchased by the customer.

103. A system in accordance with claim 102 wherein the offer communicator comprises a printer.

104. A system in accordance with claim 102 wherein the offer communicator comprises a visual display.

105. A system in accordance with claim 102 wherein the means for identifying a customer is a card reader which reads a customer card.

106. A system in accordance with claim 102 wherein the means for identifying a customer includes means for considering a password.

107. A system in accordance with claim 102 wherein the means for identifying a customer includes means employing fingerprint scans.

108. A system in accordance with claim 102 wherein the means for identifying a customer includes means employing retinal scans.

109. A system in accordance with claim 102 wherein the at least one check-out includes means for identifying a customer which is a card reader which reads a customer card; the card reader comprises a bar code reader in communication with the computer, the bar code reader reading the cards in addition to products, the system including means for associating a purchased item with a customer if one of the cards is scanned by the bar code reader in sequence with scanning of products.

110. A system in accordance with claim 102 wherein the checkout comprises:
means for identifying a customer which is a card reader which reads a customer card; the card reader comprises a bar code reader in communication with the computer, the bar code reader reading the cards in addition to products, the system including means for associating a purchased item with a customer if one of the cards is scanned by the bar code reader in sequence with scanning of products;
means for totaling the costs of purchases, wherein the system includes means for associating a purchased item with a customer if one of the cards is scanned by the bar code reader in sequence with scanning of products, and wherein the system includes means for adjusting the customer's total to reflect special offers accepted by the customer, and for suspending the accepted special offers from the customer's offer list.

111. A system in accordance with claim 102 and further comprising means for recording that a special offer was not accepted by a customer if the customer does not present a product for which a special offer was available to the check-out within a predetermined amount of time after that customer accessed the customer interface.

112. A system in accordance with claim 102 wherein the special offers include broadcast, non-targeted, special offers which are generally available to all customers.

113. A system in accordance with claim 102 wherein the check-out includes:
means for identifying a customer which is a card reader which reads a customer card;
a bar code reader, the system further comprising means for downloading, from the computer to the check-out, a list of all products for which special offers exist for at least one customer, means for associating a purchased item with a customer if one of the cards is scanned by the bar code reader in sequence with scanning of a product, means for accessing the computer in response to the bar code reader reading a product included in the list of all products for which special offers may be available and for determining the special offer available to that customer whose card was scanned at the check-out, for that particular product.

114. A system in accordance with claim 102 and further comprising means for maintaining and for communicating to each customer a running total of savings realized by that customer.

115. A system in accordance with claim 102 and further comprising means for maintaining for each customer a running total of savings realized by that customer, wherein the check-out communicates to each customer a running total of savings realized by that customer.

116. A system in accordance with claim 102 and further comprising means for establishing targeted offer targeting parameters in the form of criteria a customer must meet in order to be eligible for a particular targeted offer, and for determining which customers in the customer account database meet the criteria.

117. A system in accordance with claim 102 wherein the customer interface is spaced apart from the check-out.

118. A system in accordance with claim 102 wherein the offer communicator comprises a printer, wherein the system further comprises means for sending to the printer a predetermined number of special offers available to a particular customer, wherein the predetermined number is the same for all customers who use the customer interface, and wherein the predetermined number of special offers are the highest value special offers available to the particular customer, calculated on the basis of percentage reduction in price.

119. A system in accordance with claim 102 and further comprising lottery means for randomly selecting customers for prize awards, the lottery means including means for causing the offer communicator to indicate to the customer the prize awarded.

120. A system in accordance with claim 102 and comprising a plurality of computers associated with a plurality of stores, wherein each customer is associated with a home store which is one of said plurality of stores, and wherein the customer account information for the customers are respectively stored in the computers of their home stores.

121. A system in accordance with claim 102 and further comprising means for preventing a special offer from being communicated by the offer communicator if the product associated with the special offer is out of stock.

122. A system in accordance with claim 102 and further comprising means defining a frequent shopper program including means for providing points to customers based on usage of the customer interface.

123. A system for presenting special offers to customers of a chain of stores, the special offers including customized targeted offers for specific customers, the system comprising:

- a plurality of store level computers, respective store level computers being associated with respective stores, the computers respectively including a database containing customer account information, and a database of special offers including customized targeted offers to be made to selected customer accounts on the basis of targeted offer targeting parameters, said targeted offer targeting parameters including prior purchasing behavior for the particular customer account, said prior purchasing behavior including prior purchasing behavior for the particular customer account for products in addition to products being provided with coupon offerings;

- a supervisory computer networked to the store level computers, the supervisory computer periodically downloading special offers to the store level computers;

- a plurality of customer interfaces, respective customer interfaces being located in respective stores and being in communication with the store level computer associated with that store, the interfaces having means for identifying a customer to the store level computer associated with that store;

- the store level computers respectively including means for accessing information about the special offers available to the customer from specific customer account information which includes prior

purchasing behavior for the particular customer for products in addition to those for which coupon offers are being made;

means for generating a customized list of special offers available to that particular customer;

offer communicator means for communicating respective individualized lists of special offers to customers who access the customer interface.

124. A system in accordance with claim 123 wherein the offer communicator means includes at least one printer.

125. A system in accordance with claim 123 wherein the offer communicator means includes at least one visual display.

126. A system in accordance with claim 123 wherein said offer list is generated for said customer prior to the check-out of said customer.